

***United States Court of Appeals
for the Second Circuit***



**APPELLANT'S
BRIEF**

75-7529

In The
United States Court of Appeals
For The Second Circuit

B
P/S

SCARVES BY VERA, INC.,

Plaintiff-Appellant,

vs.

TODO IMPORTS LTD. (INC.) ,

Defendant-Appellee.

*On Appeal from the United States District Court for the
Southern District of New York*

BRIEF FOR PLAINTIFF-APPELLANT

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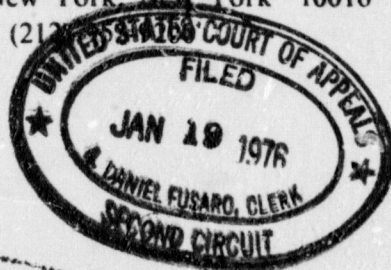


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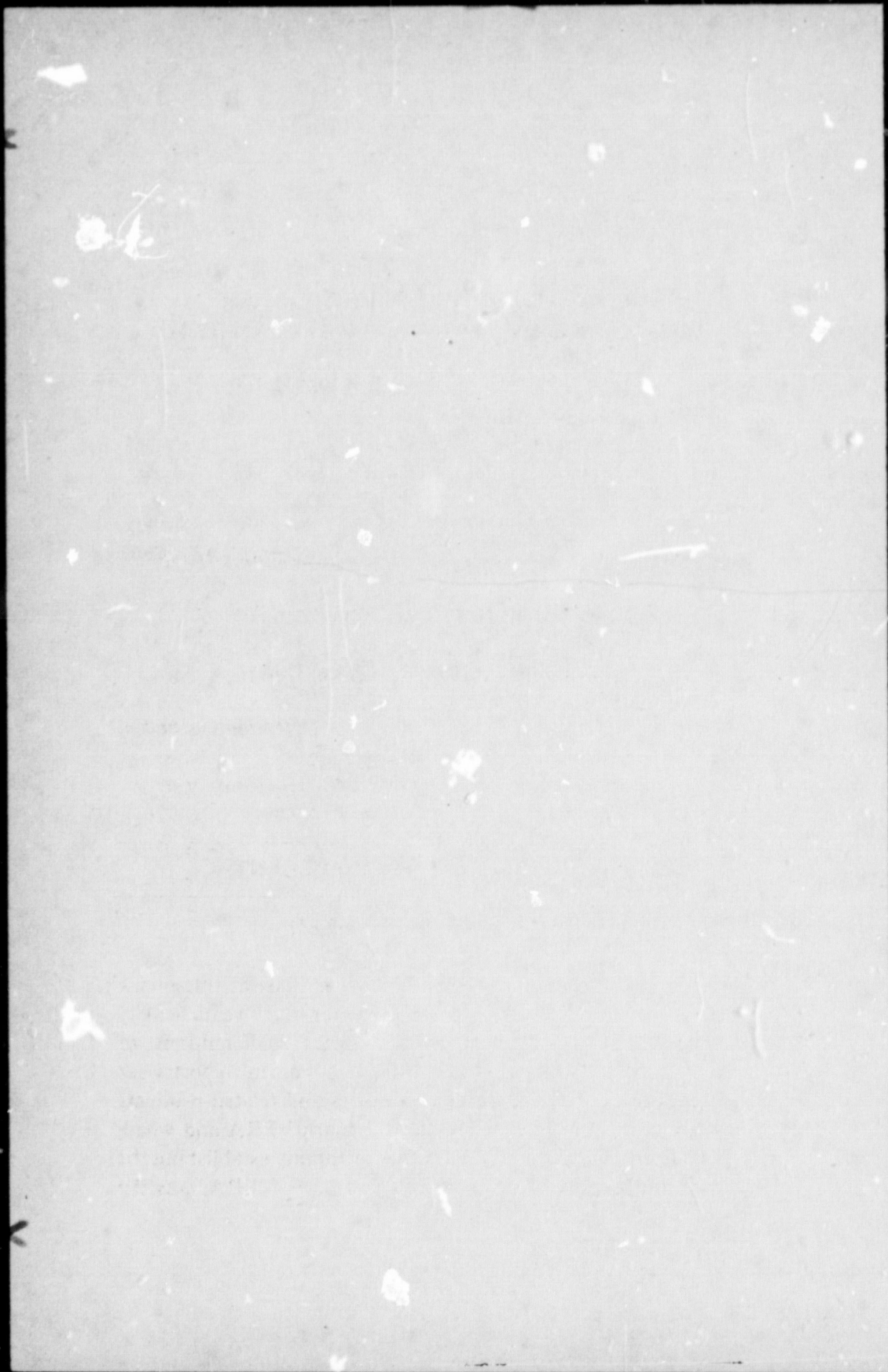
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SCARVES BY VERA, INC.,

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vs.

TODO IMPORTS LTD. (INC.),

Defendant-Appellee.

*On Appeal from the United States District Court for the
Southern District of New York*

BRIEF OF PLAINTIFF-APPELLANT

THE ISSUES PRESENTED

1. Where plaintiff is the proprietor of federal trademark registrations for the mark VERA and has for many years heavily advertised and promoted and successfully sold millions of dollars worth of scarves, blouses, dresses, women's sportswear and accessories, designer home accessories and related products throughout the United States under the mark VERA and where there was un rebutted expert and other testimony establishing the renown and popularity of plaintiff's said mark VERA, was the

District Court clearly erroneous in finding that plaintiff's mark VERA was a weak mark?

2. Where there was no evidence of use of similar, but not identical, trademarks for different products, was it error for the District Court to accord weight to mere third party registrations of such marks as allegedly establishing the weakness of plaintiff's mark?

3. Where any use of the word "Vera" in this country was, prior to 1969, only as part of the name of the foreign supplier and not as a trademark, was the District Court clearly erroneous in finding that defendant has continuously sold goods in this country under the trademark VERA since 1962?

4. Where, prior to 1969, any sales by defendant or its predecessors of cosmetics and fragrances in connection with the word "Vera" were *de minimis*, was it error for the District Court to accord weight to an alleged lack of actual confusion with plaintiff's goods as constituting proof positive of a lack of likelihood of confusion?

5. Where one of defendant's own witnesses, a sole proprietor doing business as a dressmaker under the name "Vera Custom Fashions", admitted that she received three or four telephone calls a day intended for plaintiff, was the District Court clearly erroneous in finding that there has been no testimony of any confusion or likelihood thereof with regard to third party users?

6. Where un rebutted expert testimony and other evidence established that the reputation of plaintiff's mark VERA for fashion was the equivalent of such well-known marks as BILL BLASS, CARDIN, CHANEL, ST. LAURENT, PUCCI and

ADELE SIMPSON, etc. and where each of said marks and other similar marks had been extended from clothing and apparel to cosmetics and fragrances, and where plaintiff had previously entered into serious negotiations towards entering the cosmetics and fragrances market under the mark VERA:

(a) was the District Court clearly erroneous in finding it unlikely that plaintiff would enter the field of cosmetics and fragrances?

(b) was it error for the District Court to assume that, in order to succeed, plaintiff had to show a likelihood of expansion into cosmetics and fragrances?

7. Where plaintiff's mark VERA is well-known and widely recognized in the medium to high fashion market for scarves, blouses, dresses, women's sportswear and accessories, designer home accessories and related products, and where it is now common for marks of similar products to be found on cosmetics and fragrances as well, and where defendant's cosmetics and fragrances under the identical mark VERA are sold in some of the same stores and in close physical proximity to plaintiff's items of apparel sold under the identical mark VERA, and where there is evidence of actual confusion, was it error for the District Court to find that there was no likelihood of confusion between plaintiff's and defendant's products?

8. Was it error for the District Court to dismiss the Complaint, refuse to enjoin defendant's use of the mark VERA, and decline to award plaintiff an accounting of defendant's profits?

STATEMENT OF THE CASE

On July 7, 1971, plaintiff, Scarves by Vera, Inc., commenced this action for trademark infringement and unfair competition. In its Complaint (4a-9a)¹, plaintiff alleged its ownership of the trademark VERA for a variety of items of wearing apparel such as scarves, neckties, blouses, dresses and related items of linens and napery and further alleged its ownership of federal trademark registrations for said mark. Plaintiff alleged that defendant's use of the identical mark VERA on toiletry items was likely to cause confusion with plaintiff's said mark and constituted trademark infringement and unfair competition. Plaintiff sought an injunction, damages and an accounting.

On July 26, 1971, defendant filed its Answer (12a) in which it generally denied any infringement or unfair competition. Specifically, it denied selling goods under the trademark VERA except in regard to men's cologne and affirmatively alleged that "the notation 'VERA', except in the case of cologne for men . . . was used to indicate the manufacturer and not the product . . ." (13a, 14a).

Jurisdiction exists pursuant to 15 U.S.C. §1121 and 28 U.S.C. §§1331(a) and 1338.

On October 21 and 22, 1974, the case was tried before the Honorable Robert L. Carter, U.S.D.J., without a jury. By Opinion dated July 9, 1975 and filed on July 10, 1975, the District Court denied injunctive relief (287a). On August 28, 1975, judgment was entered dismissing the complaint (298a) and on September 16, 1975 plaintiff filed its Notice of Appeal.

1. "a" refers to pages of the Appendix.

STATEMENT OF FACTS

Plaintiff's VERA Products

In or around 1945, Mrs. Vera Neumann, along with her husband and a partner, formed Scarves by Vera, a partnership which was the predecessor of plaintiff (199a-200a). From the outset, the company made scarves, women's blouse tops and some linen goods (180a) and, eventually, the line of goods expanded to include designer home accessory items, such as sheets, towels, table linens, and place settings and items of womens' sportswear such as dresses, belts, sweaters, and ladies' blouses. The fabrics or facings of all such goods contained colorful patterns and images created by Mrs. Neumann, who is a well-known artist, and all the goods were sold under the trademark VERA (40a). By the time of trial, goods bearing the trademark VERA were sold in approximately 8,000 department stores, boutiques and specialty shops across the nation (42a-43a).

The expansion of plaintiff from scarves to a full fashion house is documented by an article in the *New York Times* of May 11, 1967, which reads in part:

"The House That Scarves Built

By Bernadette Carey

Twenty-five years ago, Vera Neumann offered her first collection of scarves, using her own fabric designs in patterns of leaves, ferns and flowers.

Yesterday, she stood in her new showroom, designed by Marcel Breuer and decorated with a

mural symbolizing the patterns of that first collection and greeted the press, buyers and guests who had come to see a sportswear collection from the multimillion-dollar fashion house that scarves built.

In recent years, all of her major collections have been inspired by the designer's visits to foreign countries, and for her 1967 fall line, she sought — and found — a muse in Ireland. Her O'Rainbow collection was shown to the tune of Irish jigs" (E13).²

The products made by plaintiff and or its licensees under the mark VERA are sold in medium to high fashion stores (42a-43a, 48a, 202a-210a). In New York, these range from Macy's, Gimbels, Abraham & Straus, B. Gertz and Plymouth Shops (43a, 48a) to Bergdorf Goodman, Saks Fifth Avenue, Bonwit Teller, Lord & Taylor and B. Altman (43a). A similar pattern exists nationwide (48a).

Long prior to defendant's appearance in the toiletries field, there has been extensive and nationwide advertising and promotion of plaintiff's goods sold under the mark VERA, including newspaper and magazine advertisements and articles or layouts in magazines such as *Vogue*, *The New Yorker*, *Seventeen*, *The New York Times Magazine*, *Life*, *Town & Country*, *Harpers Bazaar*, *Mademoiselle*, and *Glamour*. (See group Exhibits 2, 3, 4, and 5, parts of which are reproduced in the Exhibit Volume at E4, E12, E14, E16, E18, E19, E23, E30, E32, E39, E53 and E90).³ Plaintiff itself has expended in excess

2. "E" refers to pages of the Exhibit Volume.

3. "Exhibits" refers to Exhibits not reproduced in the Exhibit Volume.

of \$3 million since 1966 in advertising its products under the VERA mark, most of which was in cooperative advertising with stores⁴ (78a).

As a result of the extensive advertising and, especially, promotional efforts of plaintiff, sales under the VERA mark have risen from \$10.5 million in 1966 to a peak of over \$21 million in 1973 (E111; 73a-76a).

The Relationship Between Fashion Apparel and Cosmetics and Fragrances

As established by the testimony of three expert witnesses and other evidence, the VERA mark connotes high fashion (139a, 163a-165a, 192a-193a; see E1, E3, E4-E6, E13, for example) and is comparable to other well-known high fashion marks such as, BILL BLASS, CARDIN, CHANEL, ST. LAURENT, NORELL, PUCCI and ADELE SIMPSON (139a-140a, 186a, 190a-193a; E112). These and other marks usually were applied first to fashion apparel and then expanded into designer home accessories⁵ and into the field of fragrances and cosmetics. This trend has existed since the 1940's with regard to marks such as NORELL and CHANEL, and has accelerated in recent years as marks such as BLASS and CARDIN have expanded into fragrances (178a-183a). Today, it

4. This means, of course, that the stores themselves contributed to the cost of the advertisements. Accordingly, the actual dollar amounts expended in advertising VERA products is substantially greater than the over \$3 million shown on Exhibit 24 (E111) which represents only expenditures by plaintiff itself. Also, plaintiff's licensees such as Burlington House, Scovill Dritz, Countess York and Munro Products, pay for their own advertising and promotion (74a). In the case of Burlington, this has included a television commercial (E105). These amounts are also not included on Exhibit 24 (E111).

5. Items such as sheets, towels, draperies, table linens and place settings which have colorful fashion designs and patterns. (See E3 for example.) VERA was one of the first fashion apparel marks to expand to designer household accessories (*ibid.*).

is common for fashion marks such as these to appear on both fashion apparel, designer home accessories, cosmetics and fragrances. Indeed, clothing is often promoted with fragrances (185a; E55-E81, E113).

Plaintiff's Proposed Venture into Cosmetics and Fragrances

The close relationship between clothing and cosmetics and fragrances and the trend for fashion marks to extend to cosmetics and fragrances caused plaintiff, in late 1969, to retain an independent consultant, Sidney Stricker, to advise it on the possibility of extending plaintiff's VERA mark to a line of cosmetics and fragrances (138a-139a). Mr. Stricker advised that the VERA mark was a high quality mark which should not be associated with a mail order line of cosmetics such as was being suggested by Columbia Broadcasting Systems, which had approached plaintiff for this purpose (138a-139a, 141a). Instead, in 1970, Mr. Stricker instituted approaches to Max Factor and Estee Lauder on behalf of plaintiff (142a-144a). No transactions were consummated with those companies, however, and in June or July 1970 the matter was put into abeyance for the time being (144a).

Plaintiff's Protests to Defendant

Shortly thereafter, plaintiff discovered an advertisement for sales representatives in the classified section of *Women's Wear Daily* for July 29, 1970 (19a). It was placed by defendant in conjunction with the apparent introduction of a line of toiletries from "VERA/BARCELONA SPAIN." On August 3, 1970, plaintiff's counsel wrote to defendant stating in part:

"An advertisement of yours on page 54 of 'Women's Wear Daily' of July 29, 1970 has been

called to my attention. I write to advise that should you proceed with the plans to market in this country under the brand VERA suit will be brought for an injunction to restrain such use and an accounting of the profits and damages" (20a).

No response to the letter was received.

In June 1971, plaintiff discovered that defendant had ignored its protest and proceeded to market toiletries under the designation VERA. On June 10, 1971, plaintiff's attorney again protested (21a) and again the protest was ignored. On July 7, 1971 plaintiff instituted this action.

Defendant's Activities

Defendant Todo Imports Ltd. (Inc.) ("Todo"), is merely a distributor in New York State of products made by Vera Perfumeria y Cosmetica, S.A. of Barcelona, Spain.⁶ Defendant acts pursuant to a written agreement dated June 1, 1970 (28a-34a).

Until 1973, Todo sold only in New York, Connecticut, Philadelphia and Chicago. Thereafter, and while this action was pending, it expanded its use of the term "Vera" from tradename to trademark usage and expanded its areas of distribution to Los Angeles, San Francisco and California (227a-228a). Its sales of the VERA goods have now reached about \$100,000 per year (226a). The line consists of toiletries and cosmetics which currently feature the word VERA (E106, E137, E145).

Although in its Answer, defendant alleged that its use of the term VERA had been to identify the manufacturer and not as a

6. The Spanish manufacturer did not see fit to intervene in this action.

trademark (except for men's colognes) (12a-16a), at trial, defendant attempted to switch its line of defense and to argue that goods had been sold in this country under the VERA trademark since 1962. However, Miguel Acosta, an executive of the Spanish manufacturer, Vera Perfumeria y Cosmetica, S.A., testified for defendant that his search of the company files had revealed only minor shipments to this country starting in 1962 (263a-264a). The witness had not been employed by the Spanish company at that time (262a), and the company records which were introduced showed only seven sales to five customers in 1962, 1963 and 1964 amounting in total to \$3,823.79 (E149-E172)⁷. Significantly, none of the documents showed use of the term VERA as a trademark. Rather, they established that the goods were sold under other marks such as SIGLO DE ORO and VENTOLERA.

Defendant also introduced a copy of the Spanish company's United States trademark registration for the mark SIGLO DE ORO, as well as a certified copy of a specimen label submitted with the application therefor (E202-E204). The label contained the phrase "VERA (ESPANA)" in small type in the lower right hand corner, but there was no testimony as to the use of said label in this country and the affidavit submitted to the Patent Office with the specimen was not offered by defendant. Moreover, the registration listed a date of first use in commerce for SIGLO DE ORO as 1964, not 1962 (E202).

Commencing in 1965, the Spanish company began shipping goods to a distributor in Cedarhurst, New York. Until 1968, this company was apparently known as Grade Distributors (see E191, E192). These sales too were *de minimis*, ranging,

7. Analysis of these exhibits indicates that several of the documents submitted are invoices, letters, shipping documents, etc., referring to the same shipments. In all, there are only five customers — Kaufman's in Pittsburgh, May Company in Denver, Dr. Max Abrams in New York, Famous Barr & Co. in St. Louis and Starr in Brooklyn.

according to defendant's witness, from \$5,872.02 in 1965, to \$1,211.98 in 1968, to \$8,573.70 in 1970.⁸ Indeed, from 1965 through 1970, even accepting the witness' testimony, these sales amounted only to about \$25,000 (275a; E191-E201). However, and quite significantly, these pre-1970 shipments were of goods sold under trademarks other than VERA⁹ (E191-E201). The first document showing a commercial order for goods under the mark VERA is dated September 16, 1970 (E197-E198), over a month after plaintiff's initial protest. This was confirmed by Sarita Feldchtein, an employee of this distributor, (which now does business under the name Vera Cosmetics, Ltd.) (272a), who admitted that prior to 1969 there was no trademark use of VERA on the imported goods (279a).

Evidence of Sales in Close Proximity and Confusion

Although defendant's sales initially were primarily to the Spanish speaking trade, including apparel stores (155a, 283a), it has made sales at stores such as Gimbel's and Bloomingdale's (E107, E108; 282a) where plaintiff's VERA goods have long been sold (205a; E19, *Vogue*, May 1967); (E30, *Vogue*, May 1969); (E37, *New York Times Magazine*, June 7, 1970). And, one of the early sales made by the Spanish company allegedly went to Kaufmann's in Pittsburgh, another store in which plaintiff's goods were sold (E25, *New Yorker* ad). Similarly, while defendant Todo has advertised its products primarily in Spanish newspapers (E109, E179-E184), Gimbels has featured defendant's VERA perfumes in pre-Christmas advertisements which were run in at least *The New York Daily News* and *The New York Post* (E107, E108). Plaintiff's products have also been

8. Even these minimal amounts are not supported by documentary evidence. For example, the records for 1965 show importation of only \$441.28 worth of goods (E191), while the witness, Mrs. Feldchtein, testified, based on those records, to sales of over \$5,800 (275a).

9. SIGLO DE ORO, VENTOLERA, etc.

featured in the *New York Post* (E2), as well as in other New York newspapers, such as *The New York Times* (see E3, for example).

In sum, the goods of each party sold under the identical mark VERA have moved and may be expected to move through some of the same channels of trade and advertising to the same class of purchasers.

In at least one instance, that of Gimbel's Department Store in New York City, defendant's goods are sold only "one counter removed" from the counter where plaintiff's VERA scarves are sold (130a, 132a, 134a). Such sales of defendant's VERA cosmetics and perfumes occasioned actual confusion on the part of a Gimbel's sales employee. When asked where VERA cosmetics were located, she replied that she knew Vera sold scarves, but she didn't know Vera sold cosmetics (130a).

Additional evidence of confusion, albeit with a third party usage, was provided by defendant's witness, Vera Von Eul. Mrs. Von Eul is a custom dressmaker, with an office on the third floor of the Hyde Park Hotel in New York (220a, 224a), where she makes special order dresses (225a). She does business under the name "Vera Custom Fashions," and is so listed in the telephone directory (225a). Mrs. Von Eul testified that "three or four times a day" she receives telephone complaints from persons who confused her business with plaintiff's:

"Q. Those are complaints in connection with what? A. Well, they mixed my telephone number with Vera Scarves and they complained about dresses having been sent to me by mistake. They thought I was the Vera what make the dresses and bath towels. People called up" (223a).

ARGUMENT

Introduction to Argument

This case concerns the now familiar questions of trademark law involving expansion of goods. Plaintiff, the prior owner and user of the mark VERA for a variety of clothing and fabric items seeks to enjoin the use of the identical mark VERA for cosmetics and fragrances.

The relevant law has been established in this circuit in cases such as *King Research, Inc. v. Shulton, Inc.*, 454 F.2d 66 (2d Cir. 1972); *Kiki Undies Corp. v. Promenade Hosiery Mills, Inc.*, 411 F.2d 1097 (2d Cir. 1969), *cert. denied*, 396 U.S. 1054 (1970); *Chandon Champagne Corp. v. San Marino Wine Corp.*, 335 F.2d 531 (2d Cir. 1964); *Triumph Hosiery Mills, Inc. v. Triumph International Corp.*, 308 F.2d 196 (2d Cir. 1962); *Polaroid Corp. v. Polarad Electronics Corp.*, 287 F.2d 492 (2d Cir. 1961), *cert. denied*, 368 U.S. 820 (1961). The questions to be considered include the strength of plaintiff's mark, the degree of similarity between the two marks, the proximity of the products involved, the likelihood that the prior owner will move into the second field, actual confusion, defendant's good faith, the quality of defendant's goods, the sophistication of buyers, and the serious harm an injunction would cause defendant against the benefit plaintiff would receive.

The District Court was aware of these factors and was aware that no single factor is determinative (293a). Nevertheless, we submit that the lower Court was clearly erroneous in central findings of fact and grossly erred in its understanding and application of these and other principals of the relevant law. The

opinion below is internally inconsistent and replete with errors of minor and major consequence.¹⁰

Since this is a case where the marks of the parties are identical, "this court is in as good a position as the trial court to determine the question of probable confusion." *Kiki Undies Corp. v. Promenade Hosiery Mills, Inc.*, *supra* at 1100; *J.R. Wood & Sons Inc. v. Reese Jewelry Corp.*, 278 F.2d 157, 158 (2d Cir. 1960). Such review and determination should convince the Court that the decision below should be reversed.

Summary of Argument

The opinion of the District Court contains numerous substantive errors of law and fact. Principal among them is the ruling that VERA is automatically a weak mark because it is a common name and because there exist trademark registrations for other marks containing the word VERA, although no proof was offered establishing the use of such marks or the public's knowledge thereof and the goods concerned were unrelated to those at bar. Such a ruling may not be sustained on the facts and law. The effect of a reversal on this point will be extremely significant since this incorrect finding tainted the rest of the decision.

In addition, the decision below was clearly erroneous in finding that plaintiff's mark VERA is not equatable with such well-known apparel marks as BLASS, CARDIN, ST. LAURENT, etc. and in implicitly rejecting the possibility that plaintiff would enter the field of cosmetics and fragrances under the mark VERA. The Court further erred as a matter of law in

10. For but one example, in support of the proposition that "there is . . . no right to a mark in gross," the Court cited *B & L Sales Associates v. H. Daroff & Sons, Inc.*, 421 F.2d 352 (2d Cir. 1970), *cert. denied*, 398 U.S. 952 (1970) (295a). Aside from the fact that the proposition is irrelevant to the case at bar, the case cited in no way involves, much less supports, such point.

implicitly holding that there must be a likelihood that plaintiff would enter the field of cosmetics and fragrances. Such likelihood need not be proved where, as here, it is shown that because many other marks are applied both to apparel and cosmetics and fragrances, the two fields have become related in the minds of the public, and the consumer would expect that VERA cosmetics and fragrances are associated with VERA apparel.

Further, the District Court was clearly erroneous in finding that the Spanish company has been selling goods in this country under the *trademark* VERA continuously since 1962. There was no proof of such use and, in any event, any use made of the word Vera was merely as a trading name to designate a foreign manufacturer, not as a trademark. In this regard the Court erred as a matter of law in finding *de minimis* sales over the years without confusion to be indicative of a lack of likelihood of confusion when there was no showing that such sales were notorious or significant.

On a similar point, the Court erred in even considering the question of laches, since that had neither been pleaded nor tried as an issue.

Finally, the District Court erred in finding no likelihood of confusion and in denying injunctive and other relief. The marks of the parties are identical, the goods of both are sold in some of the same outlets to the same class of customers, and there has been actual confusion. Plaintiff is entitled to an injunction and damages.

Point I

Plaintiff's trademark VERA is unquestionably a strong mark.

In October 1974, the District Judge concluded the trial with the statement:

"[A]s I see the term Vera applied to clothes or cosmetics, I would be under the impression that that is a strong rather than a weak mark, but I would like discussion on it" (286a).

Eight and one half months later, in July 1975, the Court issued its opinion that:

"We start with the inescapable conclusion that the mark [VERA] is weak" (293a).

We submit that the Court's impression immediately after hearing of testimony and receipt of evidence was correct and that its later ruling reflects more the passage of time and the staleness of the case in the Court's memory than the record as developed.

As the Court found,¹¹ plaintiff is the proprietor of Registrations Nos. 683,332 and 896,548 in the United States Patent and Trademark Office for the mark VERA (288a-289a). Registration 683,332 was filed on August 12, 1958 and issued on August 11, 1959 for:

11. The Court failed to make formal findings as required by Rule 52(a), Fed. R. Civ. P. However, we shall treat the opinion as if it constituted such findings of fact and law.

"Ladies scarves, neckties, blouses, shawls, and kerchiefs adapted to be worn as head coverings and as neckerchiefs. . . ."

As shown on the face of the copy of the registration (10a), affidavits under Sections 8 and 15 of the Trademark Act, 15 U.S.C. §§1058, 1065, have been filed, making the registration incontestable pursuant to Section 15.

Registration No. 896,548 was filed on September 2, 1969 and registered on August 11, 1970 for:

"Articles of wearing apparel for women, young women and girls — namely, scarves, neckties, blouses, shawls, and kerchiefs adapted to be worn as head coverings and as neckerchiefs; barbecue sets including aprons and gloves, coveralls in the nature of smocks; outer dress and sport shirts, outer shorts and trousers of assorted lengths, dress pajamas, waistcoats, shifts, dresses, playsuits, skirts, tunics, tops, jumpsuits, sashes, mufflers, ponchos, hats, caps, and hoods — in Class 39" (Int. Cl. 25).

"For: Table linens, i.e., tablecloths, napkins, hand towels, kitchen aprons, dish towels, guest towels, potholders, place mats, and bath towels, in Class 42" (Int. Cl. 24).

As the Court found, the mark VERA originated from the first name of the designer Vera Neumann, who in 1945 began applying the mark to goods designed by her (288a). Sales under the mark rose steadily to a high of over \$21 million in 1972. Advertising and promotion by plaintiff have also been extensive, ranging from \$300,000 — \$500,000 per year and totalling over

\$3 million since 1966 (E111).¹² The record is replete with advertisements for products under the VERA mark as well as articles about Mrs. Neumann and the products designed by her and sold under the mark VERA. (See E1-E53, E90, E96, E97 and group Exhibits, 2, 3, 4 and 5.) Such articles and advertisements have appeared in nationally and internationally well-known magazines such as *Vogue*, *The New Yorker*, *Seventeen*, *The New York Times Magazine*, *Life*, *Town & Country*, *Harpers Bazaar*, *Mademoiselle* and *Glamour*. A review of these specimens indicates conclusively that plaintiff's mark VERA is and has for many years been well-known throughout the United States.

In fact, the strength of plaintiff's mark VERA has been previously recognized by the District Court. In *Scarves by Vera, Inc. v. United Merchants and Manufacturers, Inc.*, 173 F. Supp. 625 (S.D.N.Y. 1959), Judge Edelstein granted plaintiff a preliminary injunction in a case for copyright infringement and unfair competition regarding blouses. He stated:

"The full name of the copyright proprietor, however, does not appear on the label. But 'Vera' is the dominant par [sic] of the full name ('Scarves by Vera, Inc.'), and it is a trademark registered by the plaintiff in New York State. *It is not denied that the plaintiff is a large and well-established manufacturer of ladies' scarves recognized both by the trade and among the consuming public as being the leader in its field.* It also manufactures allied articles of wearing apparel and accessories such as blouses, headwear and ties. Each year it creates and

12. As explained above, these figures do not reflect participation by retailers in cooperative advertisements or expenditures by licensees. Thus, actual advertising and promotional expenditures should be significantly higher.

copyrights hundreds of original patterns and designs for its merchandise. *And all of the plaintiff's designs, including those in suit, are printed with the name 'Vera' conspicuously in one corner. It has prominently advertised its copyrights to the trade, using the name 'Vera' conspicuously.*

* * *

...I must credit the affidavit submitted on behalf of plaintiff stating that 'Vera' is known throughout the industry as signifying the plaintiff." 173 F. Supp. at 628 (emphasis added).

In another copyright case, *Scarves by Vera, Inc. v. Fabrex Corp.*, 129 U.S.P.Q. 395 (S.D.N.Y. 1961), Judge Palmieri granted a preliminary injunction, stating:

"Plaintiff, Scarves by Vera, (hereinafter called 'Vera') is a New York corporation having its principal office and place of business in the City, County and State of New York within the Southern District of New York. *Vera* is a large manufacturer of ladies' scarves and is *recognized as a leader in its field*. Vera also manufactures allied articles of wearing apparel and accessories.

The name 'Vera' is prominently advertised to the trade. It is the dominant part of and is commonly used as an abbreviated form of 'Scarves by Vera,

Inc. The name 'Vera' has been registered by plaintiff as its principal trademark; New York State Trademark Registration No. 5-3695 and United States Trademark Registration No. 683,332 have issued thereon and plaintiff is the owner of these registrations." 129 U.S.P.Q. at 396, 397 (emphasis added).

Indeed, the renown of plaintiff's VERA mark was noted by another court in a case involving dresses designed by Lilly Pulitzer which bore the name "Lilly" in the design. The Court said:

"[I]t is not unusual for a dress manufacturer to insert his name into a design and *some well known in the retail trade* do it particularly for 'snob appeal' ('Mr. Dino', 'Pucci', 'Vera', etc.). . ." *Key West Hand Print Fabrics, Inc. v. Serbin, Inc.*, 269 F. Supp. 605, 609 (S.D. Fla. 1965). (Emphasis added.)

These earlier judicial findings that plaintiff's mark VERA is well known to the trade and public are entitled to weight. *Safeway Stores, Inc. v. Safeway Properties, Inc.*, 307 F.2d 495, 499 (2d Cir. 1962); *Alfred Dunhill of London, Inc. v. Kasser Distillers Products Corp.*, 350 F. Supp. 1341, 1359-1360 (E.D. Pa. 1972), *aff'd*, 480 F.2d 917 (3rd Cir. 1973); *James Burrough, Ltd. v. Leshner*, 309 F. Supp. 1154, 1160 (S.D. Ind. 1969). Moreover, the earlier cases regarding the strength of plaintiff's mark are fully supported by the record in this case. The showing of extensive sales, advertising and promotion demonstrates the strength of the mark. *Communication Satellite Corp. v. Comcet, Inc.*, 429 F.2d 1245, 1248 (4th Cir. 1970); *W.E. Bassett Co. v. Revlon Inc.*, 435 F.2d 656, 661 (2d Cir. 1970); *Kiki Undies Corp.*

v. Promenade Hosiery Mills, Inc., *supra* at 1098; *Spice Islands Co. v. Spice Land Products, Inc.*, 262 F.2d 356, 357 (2d Cir. 1959); *Alfred Dunhill of London, Inc. v. Kasser Distiller Products Corp.*, *supra* at 1347-49, 1357; 3 Callmann, *Unfair Competition, Trademarks and Monopolies*, §82.1(1), pp. 755-56 (3rd ed. 1969).

In addition, three expert witnesses testified to the same effect. Sidney Stricker, a management consultant in the field of marketing of consumer goods, and especially cosmetics (137a), testified that "Vera meant high fashion and . . . chic . . ." (139a) and was "the equivalent of marks, such as Bill Blass, Chanel, Yves St. Laurent, Gucci, Emilio Pucci, Pierre Cardin, Hattie Carnegie, Nettie Rosenstein, Adele Simpson, Lanvin, Madeline de Rauch" (139a-140a).

Samuel Rubin, formerly President and Chairman of the Board of Faberge Incorporated, the well known fragrance house, first heard of VERA "in the early 1950's. . . as one of the leading fashion designers in ladies' scarves" (164a). Mr. Rubin equated "Christian Dior, Vera, Lanvin" and others with signature scarves (186a).

Meyer H. Rubenstein, a former executive for Bonwit Teller and Saks Fifth Avenue (187a-188a), testified that "Vera was the first one in America that had a signature scarf" (190a) and that "Vera is synonymous with a signature scarf" (192a-193a) and the equivalent "in quality merchandise" (192a) with names such as Galatzine, Gucci, Bill Blass, Hattie Carnegie, Chanel, Madeline de Rauch, Balenciaga, H. Mori, Lanvin, Guy Larouche, Mary Quant, Germaine Monteil, Adele Simpson, Gucci, Pauline Trigere, Nettie Rosenstein, Christian Dior, Givenchy, Pierre Balmain, Geoffrey Beene, Ricci, Jean Patou, Norman Norell, and Worth (139a-140a).

In contrast to this extensive evidence, defendant offered absolutely nothing to contradict the fact that plaintiff's mark VERA is well-known for fashion goods.

On this record, therefore, it was clearly erroneous for the District Court to find that plaintiff's "mark is weak" (293a). Indeed, such finding is inconsistent with the Court's own statement in the opinion that:

"The mark is Vera in script, and the mark first gained recognition and prominence in its use on women's scarves, which plaintiff describes as signature scarves" (289a; emphasis added).

A mark that has gained "recognition and prominence" is not a weak mark, yet the Court went on to describe as a "dubious contention" the proposition that "Vera has acquired such stature [secondary meaning] in respect of scarves" (295a).

In this regard, the Court is also wrong as a matter of law since, with regard to registered marks, there is a presumption that secondary meaning exists. *Curtis-Stephens-Embry, Co. v. Pro-Tek-Toe Skate Stop Co.*, 199 F.2d 407 (8th Cir. 1952); *Modular Cinemas of America, Inc. v. Mini Cinemas Corp.*, 348 F. Supp. 578, 587 (S.D.N.Y. 1972); *Venetianaire Corp. of America v. A & P Import Co.*, 302 F. Supp. 156, 160 (S.D.N.Y. 1969); see *Roto-Rooter Corp. v. O'Neal*, 186 U.S.P.Q. 73, 75 (5th Cir. 1975). No evidence rebutting this presumption was presented below and it was serious error not to apply such presumption in plaintiff's favor.

In any event, the fact that plaintiff's mark was originally Mrs. Neumann's given name, hardly makes it "inescapable" that the mark is weak. Name marks are not inherently weak marks. Some of the strongest marks in America, FORD or

CHRYSLER, for example, were originally the names of individuals. Moreover, many of the strongest marks in the fields of both fashion and cosmetics and fragrances are individual names, DIOR, CHANEL, CARDIN, LANVIN, NORELL, BLASS, PATOU, etc. Here, the term VERA as applied to clothes and related products is in no way descriptive or even suggestive. Rather, it is fanciful and, hence, a distinctive mark.

Accordingly, the "inescapable conclusion" with which the Court commenced its analysis is clearly erroneous as a matter of fact and incorrect as a matter of law.

Similarly, the Court's consideration of third party registrations "as added evidence of . . . commonality" (294a) was in error since no proof of use of such marks was presented. *James Burrough, Ltd. v. Leshner, supra*; see, *Miles Shoes, Inc. v. R. H. Macy & Co., Inc.*, 199 F.2d 602, 603 (2d Cir. 1952).¹³ Such consideration was further inappropriate since, with the exception of VERA for foods, each of the marks cited included a second word (VERA SHARP, VERA CRUZ, etc.), and all of the registrations involved different goods, both of which factors lessened the likelihood of confusion. *W.E. Bassett Co. v. Revlon, Inc.*, *supra* at 656.

Finally, the Court erred in finding that "as to these third-parties . . . there has been no testimony of any confusion or likelihood thereof as between their products and plaintiff's goods" (294a). In the face of defendant's failure to prove use of the marks shown by these other registrations, it was hardly incumbent on plaintiff to show confusion with them. Without use there could be no confusion and in the absence of proof of any use, it is utterly inappropriate to give weight to a lack of confusion.

13. The Court's reliance on these registrations is especially puzzling since, during trial at least, the Judge was well aware of the lack of evidence of any use of the marks (110a).

To the extent confusion with third party users is relevant, the finding of lack of confusion is clearly erroneous since defendant's own witness, Mrs. Von ~~221~~, doing a limited business as a dressmaker under the name "Vera Custom Fashions," testified she received three or four telephone calls each day which indicated confusion between her business and that of plaintiff (223a). Accordingly, the Court's factual finding is flatly wrong. Had it made an accurate finding, by its own statement it would have "taken into account" evidence favorable to plaintiff (294a).

In sum, the factual evidence is overwhelmingly contrary to the Court's central finding that plaintiff's mark "VERA" is a weak mark. Moreover, the Court did not properly apply the law as to name marks; did not give sufficient effect to plaintiff's Patent Office registrations, one of which is incontestible; improperly gave weight to third party registrations; and incorrectly found a lack of confusion with third party use when the facts were to the contrary.

The holding that VERA is a weak mark is incorrect on the law and the facts and should be set aside by this Court. Since the strength of the mark is an important factor in a case involving expansion of product lines, this incorrect finding seriously tainted the entire decision.

Point II

A. The reputation of plaintiff's mark VERA is equivalent to other fashion marks which have expanded to cosmetics and fragrances and it is likely and consumers would expect that plaintiff will expand to cosmetics and fragrances.

The lower Court accepted the testimony that numerous fashion trademarks have been extended to cosmetics and

fragrances (269a). However, it ignored the uncontroverted testimony of three experts and other evidence that plaintiff's mark VERA is equivalent in reputation to such other well known fashion marks (BLASS, CARDIN, CHANEL, DIOR, ST. LAURENT, etc.) (139a-140a, 186a, 190a-192a: E3-E6). It also rejected the possibility that plaintiff would extend its mark to cosmetics and fragrances despite the testimony that it had been approached to do so and had, shortly prior to discovery of defendant's activities, initiated serious discussions aimed at developing a line of VERA cosmetics and fragrances.

The Court's reasoning in refusing to equate plaintiff's mark with the other fashion marks is fallacious. The Court stated:

"Miss Neumann is chiefly engaged in textile designs. A great part of plaintiff's business is linens. She does not hold annual shows exhibiting new creations in fashion. While Miss Neuman is undoubtedly a highly regarded artist in her field, her field is not high fashion. The coutouriers (sic) who use their name on cosmetics and fragrances are well known, well established figures in high fashion. More than that, these people are already in the field of cosmetics and fragrances" (269a).

This statement indicates that the Court misapprehended the nature and import of the testimony before it as well as the relevant law. The Court's interpretation equates "high fashion" only with "couturiers" (dressmakers) and is apparently based on the assumption that only couturiers qualify as high fashion figures. Since Mrs. Neumann does not qualify, technically, as a couturiere, the Court dismissed the analogy to such figures.

The misapprehension is basic. The testimony was not intended to establish that Mrs. Neumann was a couturiere. It

was intended to, and did establish, that VERA was equivalent in reputation as a trademark with other well-known marks in the fashion field which have naturally expanded from fashion apparel to designer household goods (such as linens and sheets), as well as to cosmetics and fragrances. Plaintiff's mark VERA is applied to dresses, blouses, scarves, pants, tops, and linens which have been created (not in cut or tailoring but in print and design) by Mrs. Neumann and goods so marked are sold in high quality stores such as Bergdorf Goodman, Bonwits, Sak's Fifth Avenue, B. Altman's, Lord & Taylor and Bloomingdale's (205a-206a). Similarly, marks such as DIOR, PUCCI, SAINT LAURENT and CARDIN, are applied to dresses, scarves and linens, etc. (190a-191a; E4-E6) which are sold in the same outlets. In this sense, as the former Bonwit Teller and Sak's Fifth Avenue executive testified, plaintiff's VERA mark is equivalent "in quality merchandise" (192a) to the other famous fashion marks.

This equivalency is further documented by the newspaper articles which equate VERA with marks such as CHANEL, BLASS, PUCCI, etc. For example, the *New York Times* of July 1, 1971, in an article entitled "Fashion Designers Move Into the Home" described how such well-known fashion marks as OSCAR DE LA RENTA, CHANEL, BLASS, GERNREICH, TRIGERE, PUCCI, ST. LAURENT and VERA had moved into designer home furnishings such as sheets and pillowcases. The article featured a picture of Mrs. Neumann, discussed the names cited above and stated with regard to plaintiff, that:

"Vera, too, has something for everyone in her ready-made bedspread and drapery collection for Burlington. The collection, due in stores in late August (her bed and bath linens are already available), includes the very familiar Vera daisies, poppies and butterflies and some not-so-familiar geometrics and abstracts. Bedspreads are from \$35 to \$60, draperies are from \$15 to \$60.

Vera is, of course, no stranger to home furnishings, the field she began in 26 years ago and where according to Alan Gold, a senior vice president at Macy's *she is 'the most successful' of the current crop of fashion designers (and that includes Fieldcrest's stars, Yves Saint Laurent and Pierre Cardin)*.

Vera's ladybug, her signature through the years, is not, understandably, in the Burlington bed and bath collections. But it is one of the ten needlepoint kits (\$18 each) she has just completed for Dritz-Scoville due in stores in August.

'She's had more experience' said Benjamin Jay Arno, a vice president of Lord & Taylor, *explaining Vera's strong appeal*. And at this store *Vera¹⁴ is not the only fashion designer to have fared well. Lilly Pulitzer, Ken Scott and Ulla Erickson* represented by yard goods, linens, bed coverings and place mats have done exceedingly well. *And so has Emilio Pucci*, the Florentine couturier who led the fashion designers' invasion first with Rosenthal vases and plates (1964) and later with towels (1967) and sheets (1968) for Springs Mills" (E3) (emphasis added).

In an article in *Home Furnishings Daily*, October 20, 1967 (E1), the lead paragraph stated:

"VERA — EVERYONE KNOWS WHO VERA IS. Vera paints. She is a designer of women's

14. It is to be noted that only Vera was referred to by the single name, this writer appreciating that that one word was sufficient to identify the individual.

fashions and household linens . . . world famous, very talented and very successful."

Similarly, the mark VERA is prominently displayed alongside those of BILL BLASS, LILLY PULITZER, DONALD BROOKS, EMILIO PUCCI, HANAE MORI, KEN SCOTT, YVES ST. LAURENT and PAULINE TRIGERE in an article on "signature decor" in *Town & Country*, October 1969 (E4-E6). The article states, in part:

"There is one game that everyone loves to play, and that's the Name Game.

In fashion, this would hardly be news. For years, now, well-heeled men and women have taken as much pride in the labels they wear as in the clothes that are attached to them. The Kenneth coiffure, the Adolfo hat, the Pucci dress, the Gucci shoe, the Cerruti belt, the Vuitton bag — these are the magic names that make up a sterling standard of fashion subscribed to by most of the best dressed and thousands more who would like to be if merely by product association.

Couturiers, of course, are old hands at the Name Game. One might say they invented it. Only the rules have changed since the couture has become more mass oriented. Once designers recognized the promotional potential of their own labels, they first made their initials, later their whole signatures a visible part of their designs instead of hiding them as they had done traditionally. *Commercial success was instant and spread like a rumor from women's wear to men's wear, to*

accessories, to perfumes, and to jewelry"
(emphasis added).

The article continues, discussing, and implicitly equating, such well known fashion names as Emilio Pucci, Yves St. Laurent, Bill Blass, Pauline Trigere, Hanae Mori, Lilly Pulitzer, Ken Scott, *Vera* ("Vera, of course, has always been active in both the fashion and home furnishings fields"), Donald Brooks, Oscar de La Renta, Andre Courreges, and Emanuel Ungaro.

In sum, there can be no doubt that in terms of reputation, the mark VERA is the equivalent of these other fashion marks, including those that started strictly as marks for custom-made dresses.

Moreover, the Court was erroneous in finding that "Miss Neumann is chiefly engaged in textile designs. A great part of plaintiff's business is linens" (296a). In the first place, plaintiff does far more business in scarves and blouses than it does in linens, which are made under license by Burlington Industries (64a-65a; E111, E206). In the second place, Mrs. Neumann's designs are hardly "textile designs" as that term is generally understood. The phrase "textile designs" connotes patterns created for textiles where the ultimate product is a fabric sold by the yard. Mrs. Neumann principally creates designs for finished fashion products — scarves, blouses, dresses — not for yard goods.

In any case, the fact that Mrs. Neumann's designs appear on sheets and pillowcases does not detract from VERA's identification with fashion. Rather, it enhances that identification since other well-known fashion designers — Saint Laurent, Cardin and Pucci, for example — create such designs.

Similarly, the Court was erroneous in finding that there have not been fashion exhibitions of VERA products. To the contrary, Mrs. Neumann testified to her appearance at fashion shows for her products (202a-203a, 210a-211a) and the articles and clippings document that showings of VERA collections have taken place around the country in cities such as Los Angeles (E47), Boston (E48, E96), St. Louis (E51), Detroit (E8) and Baltimore (E42). (See also, E11, E27, E31, E34, E41, E44, E46, E49, E50.)

In sum, the Court's narrow and rigid interpretation of "high fashion" was improper. The mark "VERA" is the equivalent of, and hence associated in the consumer's mind, with marks such as BLASS, CARDIN, PUCCI, etc. Since the testimony established, and the Court found, that such other marks are also applied to cosmetics and fragrances (296a, 139a-140a, 165a-168a; E87-E89, E92, E112), it follows that a consumer, familiar with the mark VERA for fashion items and aware that similar fashion marks such as BLASS, CARDIN, DIOR, etc., are also found on cosmetics and fragrances, would inevitably assume that VERA fragrances and cosmetics emanate from the same source as the VERA goods with which he or she was familiar.

In this regard, the Court is further and fundamentally incorrect on the law in finding some significance contrary to plaintiff's position in the fact that "these people [other fashion marks] are already in the field of cosmetics and fragrances" (296a). As Professor Vandeburgh points out, one of the questions to be considered in cases such as this is:

"Are the other businesses who compete with the prior user in his initial line also engaged in the second line of endeavor?"

An affirmative answer indicates that "the second line is within the natural area of expansion of the prior user's original business." Vandenburg, *Trademark Law and Procedure*, 2d. Ed. 1968, §2.50 at 75; see, *Pure Foods, Inc. v. Minute Maid Corp.*, 214 F.2d 792, 797 (5th Cir. 1954) ("Both parties sell frozen food products. Some companies have expanded their businesses so as to include many such products").

Accordingly, contrary to the Court's finding, the fact that other fashion marks have expanded to cosmetics and fragrances strongly supports, rather than weakens, plaintiff's case.

Further proof that it would be natural for plaintiff to expand from fashions to cosmetics and fragrances is supplied by the fact that, shortly prior to its discovery of defendant's activities, plaintiff actively considered such expansion. In late 1969, plaintiff had been approached by a third party who wanted to create a mail order line of cosmetics under the VERA mark. Plaintiff retained an independent marketing consultant, Sidney Stricker, who rejected the mail order approach as not fitting the image of the VERA mark (138a-139a, 141a). After further discussions, Mr. Stricker was authorized by plaintiff in 1970 to make approaches to the Max Factor and Estee Lauder cosmetic and fragrances companies (142a-144a). These approaches were unsuccessful and the matter was put "in abeyance" in June or July, 1970 (144a).¹⁵

On these facts, which are given only passing mention in the opinion below (291a), it was clearly erroneous for the District

15. Max Factor had just launched a new line of its own and Estee Lauder didn't wish to have the name of another woman on its products. Each, however, stated that there was merit to a VERA line of cosmetics and fragrances (143a-144a). At about the same time, in July 1970, plaintiff discovered defendant's activities (79a-81a). Obviously, thereafter it was not feasible to license others to use the mark VERA on cosmetics and fragrances in light of defendant's adverse claims.

Court to reject the possibility that plaintiff would enter the cosmetics and fragrances field (296a).

However, even without such a likelihood of expansion, if there is a likelihood of confusion of the public by defendant's use, an injunction would still be appropriate. As stated in *E. I. duPont de Nemours and Company v. Yoshida International, Inc.*, 185 U.S.P.Q. 597 (E.D.N.Y. 1975):

"[T]he law is well established that in order to prevail the owner need not show he has in fact or is about to bridge the gap between his and the newcomer's presently noncompeting products. The ultimate test remains one of likelihood of confusion among prospective purchasers as to source of origin; the expansion of business factor turns not so much on objective evidence of actual expansion or potential therefor as it does on whether it is reasonable for the ordinary purchaser to assume such expansion. . . . And it has been said that such an assumption is all the more reasonable 'the more a business has already expanded to include various other articles . . .'" 185 U.S.P.Q. at 602; *La Chemise Lacoste v. The Alligator Co.*, 374 F. Supp. 52 (D. Del. 1974), *vacated for lack of subject matter jurisdiction*, 506 F.2d 339 (3rd Cir. 1974), *cert. denied*, —U.S.— 95 S. Ct. 1666 (1975).

Here, plaintiff has already expanded from scarves and linens to sportswear (blouses, pants, tops, dresses, evening skirts) (201a-202a) to accessories (belts, tote bags) to lingerie under license to Formfit Rogers (213a), and into linens on a larger scale under license with Burlington Industries (213a). Also, the

consumer is familiar with marks of similar stature to that of VERA which are applied both to such goods *and* to cosmetics and fragrances. Thus, the likelihood of confusion is great whether or not plaintiff ever sells cosmetics and fragrances under the mark VERA.

The Court below failed to consider this point and appears to have believed that plaintiff was required to prove the likelihood of its expansion in order to succeed in obtaining injunctive relief. While we submit that plaintiff met the standard imposed by the Court, even if it did not, injunctive relief was not foreclosed and, in fact, was appropriate.

Plaintiff's mark is well-known as a fashion mark; plaintiff's competitors have already expanded to cosmetics and fragrances; and it is natural and likely that plaintiff will so expand. The consumer, familiar with these facts, will inevitably assume that VERA cosmetics and fragrances emanate from or are associated with plaintiff, the owner of the mark VERA for fashion and related items.

B. Apparel and toiletries and cosmetics are related fields so that confusion as to source is likely.

Despite the fact that relationship between the lines of goods involved — apparel versus cosmetics and toiletries — is an important element in an expansion of goods case, the District Court failed to discuss the subject at all. We submit that the evidence establishes the close relationship of the two types of products.

As Mr. Rubin testified, there is a natural relationship between apparel and toiletries and the two are often advertised together (165a-172a, E55-E81, E92). This is because a well

turned out woman is to be expected to devote attention to her makeup and perfume as well as her apparel. The testimony as to the expansion of the other well-known fashion marks into toiletries further documents the proximity of the fields. It was logical for the fashion designer, ADELE SIMPSON, to market an ADELE SIMPSON line of perfume because the prominence of her name in the consumer's mind for fashion items extends naturally to perfumes. Similarly, it is logical and effective for Ms. Simpson to advertise the two lines together in a magazine such as *Vogue* under the caption:

"Adele Simpson. Little lady with big ideas. Not only fashion, but now a fabulous fragrance" (E113).

That same 1969 issue of *Vogue* (Ex. 40000) further establishes our point.¹⁶ It is replete with fashion ads as well as ads for fragrances and cosmetics. Estee Lauder promotes her new eye makeups with the phrase "the great fashion look" and with photos of models wearing outfits by Geoffrey Beene (E82-E86). Faberge, (Mr. Rubin's company), advertises its fragrances and cosmetics in connection with the creations of a variety of well-known fashion designers (E55-E81). The same issue features perfumes by ROCHAS (E87), SAINT LAURENT (E88), and HANAE MORI (E89), all well-known fashion designers.

In the *Vogue* of March 1970 (Ex. 4qqqq), Ms. SIMPSON again advertises her perfume with her fashions (E92), VERA's "Brazil Collection" is featured (E90-91), and DIOR perfume is promoted (E93) as well as DIOR cosmetics (E94, "The shakers and makers of couture colours have turned their designing guile to makeup . . .").

16. It also has advertisements for plaintiff's VERA products at pp. 114-115 (E53-E54).

In sum, the fashion conscious woman (at any income level) is accustomed to reading about apparel, fragrances and cosmetics in the same media and she is aware that fashion marks have been extended to fragrances and cosmetics. Moreover, whether in boutiques, specialty shops, or department stores, she is accustomed to finding toiletries and cosmetics sold in close proximity to apparel items.

Viewed in this light, it is apparent that a consumer, seeing VERA fragrances and cosmetics, will associate them with plaintiff's VERA products (with which she is familiar), and will attribute a common source to them. The likelihood of confusion is heightened here because of plaintiff's long standing practice of featuring collections based on foreign countries, i.e., "VERA'S PERU collection" or "VERA'S BRAZIL collection" (Peru, E11; Greece, E12; Ireland, E14, E17; Scandinavia, E23-E24, E26, E27; Persia E34-E35; Japan, E36; India, E53, E32-E33; Brazil E39-E40, E90-E91 and Portugal, E43). Thus, on seeing VERA fragrances and cosmetics from Spain, a consumer is all the more likely to confuse them with plaintiff.

Indeed, the close relationship of apparel and toiletries and cosmetics has been recognized in several litigated cases. In *La Chemise Lacoste v. The Alligator Co.*, *supra*, the Court found that the use of similar trademarks on apparel and toiletries was likely to cause confusion as to source since "the products were sufficiently related to cause a likelihood of confusion in the minds of the public." 374 F. Supp. at 58.¹⁷ Similarly, in *Gant of New Haven, Inc. v. Chez Boye Parfums Int'l, Inc.*, 256 F. Supp. 982 (M.D. Fla. 1966), the owner of the mark GANT for

17. The close relationship between apparel and toiletry marks was further demonstrated in *Lacoste* by the fact that *Lacoste*, an apparel company, had licensed Jean Patou, Inc., a fragrance house, to use the alligator mark.

shirts was afforded protection against use of the same mark for toiletries. There, the defendant's actions in adopting the mark showed its belief that the product lines were related in the minds of the public.

In *Clairol Inc. v. Topaz Hosiery Mills, Inc.*, 161 U.S.P.Q. 545 (T.T.A.B. 1969), an application to register "Nice 'n Easy" for stretch hosiery was successfully opposed by the owner of the same mark for hair preparations. The Board wrote:

"The overall fashion picture encompasses dress and beauty aids . . . and the record indicates that a certain portion of the fashion trade such as Christian Dior, Nina Ricci, Mary Quant have been selling clothing and beauty accessories . . . under the same 'name'. There is a definite interrelationship between dress and beauty aids." 161 U.S.P.Q. at 546.

In *Catalina, Inc. v. Catalina Cosmetics Corp.*, 161 U.S.P.Q. 55 (T.T.A.B. 1969), the Board found a likelihood of confusion between CATALINA for swimwear and CATALINA for cosmetics:

"There is a definite interrelationship between dress and cosmetics notwithstanding physical dissimilarities between such goods. Because of this relationship and since the goods of the parties may be offered in the same retail outlets to the same customer, the prospective purchaser of these goods could well assume that 'CATALINA', cosmetics and 'CATALINA' clothing or swimwear have a common origin or that the seller of the clothing or swimwear

sponsors the cosmetics." 161 U.S.P.Q. at 56.

Similarly, in *S. Rudofker's Sons, Inc. v. "42" Products, Ltd., Inc.*, 161 U.S.P.Q. 499 (T.T.A.B. 1969), the Board found confusion between AFTER SIX for men's formal wear versus the same mark for cologne, noting that some manufacturers of apparel also sell cologne and at least one manufacturer sold both under the same mark. To the same effect are *In re Cosmetically Yours, Inc.*, 171 U.S.P.Q. 563 (T.T.A.B. 1971) (cosmetics and ladies underwear); *Villager Industries, Inc. v. Merle Norman Cosmetics, Inc.*, 164 U.S.P.Q. 215 (T.T.A.B. 1969) (womens' dresses, skirts, blouses, etc. versus lipstick, noting testimony that the BALI mark for bras had been extended to toiletries); and *Exquisite Form Industries, Inc. v. West Forest Corp.*, 155 U.S.P.Q. 763 (T.T.A.B. 1967) (men's underwear versus cologne and deodorant).

Accordingly, the evidence and precedents on this issue establish that the goods of the parties at bar bear a close relationship and, since the marks are identical, the likelihood of confusion is great.

Point III

The District Court was clearly erroneous in finding that defendant's supplier had been selling goods in this country under the trademark VERA since 1962.

The record below shows that defendant Todo, which is merely an importer, did not enter into an agreement with the Spanish company until June 1, 1970 (29a-34a). In its Answer, Todo admitted that it had not used VERA as a trademark except as to men's colognes (13a-14a) and, of course, such use could not extend prior to 1970.

Despite the admission by Todo that, at the time of Answer, all other products bore the term "Vera" only to designate the manufacturer (Vera Perfumeria y Cosmetica, S.A.), defendant switched its strategy at trial and sought to go back to 1962 as a date of first use, arguing that the tradename usage of the term "Vera" actually constituted trademark use.

The District Court, apparently confused as to the distinction between tradenames and trademarks, found that the products at issue were made by the Spanish company which first used the mark abroad in 1947 and that

"Since [1962] these toilet articles have been imported into the United States continuously under the mark Vera. Defendant holds Registration 829,237 in the United States Patent Office for cologne and bath soap under the mark Siglo de Oro. The trademark specimen on file in the United States Patent Office shows Vera as being a part of this mark" (290a).

The finding of continuous use in this country since 1962 of VERA as a trademark by the Spanish company which was not a party to the action is unsupported on this record and is clearly erroneous.

The trademark registration which was accepted in evidence over plaintiff's objections (104a-105a) was for the mark SIGLO DE ORO, not VERA (E202). The specimen label from the Patent Office files which supported the Spanish company's application also shows that the trademark was SIGLO DE ORO, not VERA (E204). This too was accepted in evidence over plaintiff's objections (105a).

It was error to accept either document in evidence. Certainly, the registration itself doesn't even mention the word Vera. The specimen label does show the phrase "VERA (ESPANA)" in small type in the lower right hand corner but this does not constitute trademark use and under no circumstances does it show any use in the United States. Section 1(a)(3) of the Trademark Act requires only submission of "specimens or facsimiles of the mark as actually used," 15 U.S.C. §1051(a)(3); it does not require that the specimen be one actually used in interstate commerce. (See Forms For Trademark Cases, annexed to the Rules of Practice of the Patent Office.) Accordingly, it is entirely possible that the specimen label (E204) was never used in the United States. Since defendant failed to offer the affidavit which was filed in the Patent Office in support of the application (which would have identified the specimen), and since it offered no other evidence to document where the specimen was used, the exhibits provide no evidence of use of even the word "Vera" in this country.

Certainly, the Court showed a basic misunderstanding of trademark law in finding that the specimen "shows Vera as being a part of this mark." The registration itself, which makes no mention of "Vera," conclusively demonstrates the impropriety of this finding.

Similarly, the Court erred in accepting the records of shipments of goods in 1962-1964 to this country under the trademarks SIGLO DE ORO, VENTOLERA, etc. as being proof of continuous use of the trademark VERA here.¹⁸ Those records (E149-E172) consist of shipping records, customs documents, invoices etc. None of them show use of VERA as a trademark. To the contrary, in every instance they show that the

18. Plaintiff also objected to introduction of these records (230a-251a) and was granted a continuing objection (251a).

goods being ordered were designated by marks other than VERA. No specimens of the goods were offered nor was there testimony as to what appeared on the goods. The records don't even reflect that the goods were actually delivered and, in fact, while the earliest records are in 1962 and 1963, the trademark registration for SIGLO DE ORO (E202) fails to claim a date of first use earlier than 1964.

It is certainly surprising that defendant, which produced a witness from Spain (Mr. Acosta) to identify these records, failed to supply a witness who could testify as to the nature of the labels and trademarks of the goods. In addition to the absence of a knowledgeable witness from the Spanish company, if the goods were actually sold here, it would be expected that a witness could be found in this area to testify as to such sales (two of the importers were in New York). *Yet no witnesses were produced nor was any explanation offered as to the failure to document the alleged use.*

Similarly, even the limited distribution from 1965 on by Grade Distributors (now doing business as Vera Cosmetics Ltd.), was also under marks other than VERA. Inspection of the invoices supplied by Mrs. Feldchtein (E191-E201) show that commercial shipments were under trademarks other than VERA until 1970 (E191, E201) and *Mrs. Feldchtein admitted in cross-examination that there was no trademark use of VERA prior to 1969 (279a).*

On this record, it was clearly erroneous for the Court to find continuous use in this country of VERA as a trademark since 1962. We submit there is *no* evidence of use as a trademark in the early 1960's and no evidence sufficiently concrete to make a finding even of tradename use in that period.

It is apparent that the Court gave great weight to this erroneous finding. It stated:

"Defendant has been using the mark in connection with its products in this country since 1962, and while plaintiff may not be barred by laches from the relief sought, see *Ederand & John Burke, Ltd. v. Bishop*, 144 F.2d 838, 839 (2d Cir. 1907), under the circumstances, that defendant has been importing toiletries into this country with the mark Vera on them for some dozen years does help underscore the fact that both parties have been operating in their respective fields for a long time without knowledge of each other, a fact which further erodes any argument as to the likelihood of confusion" (295a-296a).¹⁹

Again, we submit that under no circumstances could the early use alleged here be considered as use "with the mark Vera." Any such use was, at best, a tradename use in small type to designate the manufacturer. While even such use is properly enjoined, *Philip Morris, Inc. v. Imperial Tobacco Co., Ltd.*, 282 F. Supp. 931 (E.D. Va. 1967), *aff'd*, 401 F.2d 179 (4th Cir. 1968), *cert. denied*, 393 U.S. 1094 (1969); *Safeway Stores, Inc. v. Safe Way Properties, Inc.*, 307 F.2d 495 (2d Cir. 1962); *Maternally Yours, Inc. v. Your Maternity Shop, Inc.*, 234 F.2d

19. We note the impropriety of the lower Court in even considering the issue of laches, since that affirmative defense was not pleaded as specifically required by Rule 8(c), Fed. R. Civ. P., and was not tried. We further question the relevance of *Ederand & John Burke, Ltd. v. Bishop*, 144 F. 838, 839 (2d Cir. 1906), even had laches been pleaded. The case is hardly a leading case on laches and involved only the denial of a preliminary injunction, not permanent relief, because of a 10 year delay in seeking such a drastic remedy. Certainly, it has no relevance to the case at bar.

538 (2d Cir. 1956), it is apparent that as evidence of lack of likelihood of confusion, a tradename use is far less material than a trademark use.

Moreover, for there to be any significance to a simultaneous use without confusion, such use has to be open and notorious. See, *Communications Satellite Corp. v. Comcet, Inc.*, *supra* at 125 ("Here, quite naturally, proof of actual confusion is slight because the suit was instituted when Comcet was in its infancy."); *J.C. Hall Co. v. Hallmark Cards, Inc.*, 340 F.2d 960, 964 (C.C.P.A. 1965); *Colgate-Palmolive Co. v. American Cellophane & Plastic Films Corp.*, 185 U.S.P.Q. 301, 303, n. 1 (T.T.A.B. 1974). At bar, despite a full search of the records of the Spanish manufacturer (263a-264a) only seven transactions totalling \$3,823 were shown from 1962-1964, and sales from 1965 through 1968, according to defendant's witness averaged only about \$3,800 per year and ranged from a low of \$1,211 in 1968 to a high of \$5,872 in 1965 (275a). Through 1970, such sales totalled only about \$25,000 (*ibid.*).

Under such circumstances, it was error for the District Court to give weight to a lack of confusion during those years. Such erroneous finding further demonstrates the Court's failure to understand the applicable law, to the prejudice of plaintiff.

Point IV

The goods of the parties are sold under the identical marks and have moved through some of the same channels of trade and advertising to the same class of purchasers and there was evidence of actual confusion.

The District Court noted that the parties apply identical marks, VERA, to their respective products (292a), but it

obviously failed to consider the effect of the evidence establishing that the goods have been offered for sale at some of the same retail outlets and have been advertised in the same media and to the same class of purchasers.

The evidence showed that the goods of both parties were sold simultaneously at Gimbels, in close proximity to each other (130a-134a). Defendant's witness, Mrs. Feldchtein, also alleged sales at Bloomingdales (282a), one of plaintiff's customers (205a), and defendant itself alleged sales of the Spanish company's goods at Kaufman's in Pittsburgh, where plaintiff's VERA goods have been sold (E25).

The record further shows that Gimbels advertised defendant's VERA perfumes in *The New York Daily News* and *New York Post* and defendant advertised for representatives in *Women's Wear Daily* (19a; E107, E108). Plaintiff, of course, is regularly featured in such media.

Since the goods are sold at the same stores and advertised in the same media, it may be assumed that the parties share an identical class of purchasers. In this regard, it is irrelevant that defendant has in the past sold primarily to the Spanish trade. The fact is that it has also sold, and endeavors to sell, to those consumers who are regularly exposed to plaintiff's VERA goods and advertising. And, absent relief from this Court, there is nothing to prevent defendant from expanding its distribution. *Johnson & Johnson v. Diaz*, 339 F. Supp. 60, 65 (C.D. Cal. 1971).

On these facts, the likelihood of confusion is high and it is no surprise that the sales clerk at Gimbels, when asked where VERA cosmetics were located, replied that she knew Vera sold scarves, but didn't know Vera sold cosmetics (130a). Indeed, the

statement evidences exactly the type of confusion one would expect to occur. It is an instance of actual confusion and, coming from a salesperson on the floor where the products of both parties were being sold, is quite significant. *Jockey International, Inc. v. Burkard*, 185 U.S.P.Q. 201, 205 (S.D. Cal. 1975).

The District Court either ignored or attached no significance to the evidence showing that the marks of the parties are identical, that the goods are sold and advertised in the same places to the same public, and that there was actual confusion. Since all of these factors must necessarily be weighed in determining the likelihood of confusion, the failure to give appropriate weight to this evidence constitutes reversible error.

Point V

On the record below, there is a likelihood of confusion between the goods of plaintiff and defendant sold under the mark VERA and plaintiff is entitled to an injunction and damages.

This Court has set forth a number of factors to be considered in expansion of goods cases such as the one at bar. Analysis of those factors herein establishes plaintiff's right to an injunction and damages.

1. As shown, contrary to the finding of the District Court, plaintiff's mark VERA is a strong mark. Indeed, in *Kiki Undies Corp. v. Promenade Hosiery Mills, Inc.*, *supra*, this Court reversed the District Court and directed judgment for plaintiff where sales of goods under plaintiff's mark KIKI totaled only \$1.8 million from 1956-1968 and advertising amounted to only \$400,000 in total and had reached only \$100,000 per year. Here,

plaintiff's use of the mark commenced in about 1945, its sales under the mark have exceeded \$21 million in a single year and its advertising and promotion since 1966 totals over \$3 million and reaches about \$500,000 each year exclusive of expenditures by retailers and licensees. Thus, there can be no doubt that plaintiff's mark has achieved greater exposure than the mark which was protected in the *Kiki* case.

2. At bar, the marks of the two parties are identical -- VERA.

3. The products involved, fashion apparel and cosmetics and fragrances, are linked in the minds of the public, especially in light of the number of well known name marks which are applied to products in both fields. Many of the items sold by plaintiff under the mark VERA not only appear in stores which also sell cosmetics and fragrances, but plaintiff's goods such as scarves, belts, and tote bags, are often sold on the same floor as cosmetics and fragrances.

4. There is a strong possibility that, if successful herein, plaintiff will expand into cosmetics and fragrances under its VERA mark, as it has already attempted to do.

5. There has been at least one instance of actual confusion. In light of defendant's rather limited sales to date, and the difficulty in locating and proving instances of confusion, it is not surprising that more instances have not been discovered. *Harold F. Ritchie, Inc. v. Chesebrough-Pond's, Inc.*, 281 F.2d 755, 761 (2d Cir. 1960); *Miles Shoes v. R.H. Macy & Co., Inc.*, *supra* at 603; *Scholl, Inc. v. Tops E.H.R. Corp.*, 185 U.S.P.Q. 754, 759 (E.D.N.Y. 1975).

6. Defendant's good faith was accepted by the District Court, apparently because of the evidence that "Vera" was part of the name of the Spanish company. However, defendant's failure to respond at all to the two pre-suit protest letters, and its expansion of use of the word "Vera" from tradename to trademark in the recent past (266a-268a; compare E142 with E106) cast doubt on defendant's good faith.

7. The Court below made no finding as to the quality of defendant's goods. Given the fact that the products have been sold largely in small neighborhood stores, and at a relatively low price (see E107 and E108), it is apparent that defendant's goods do not fall into a higher priced "fashion" category. In contrast, plaintiff's goods have a fashion image.

8. The buying public for plaintiff's and defendant's goods undoubtedly covers a wide range of sophistication. Included among them would be the ordinary, relatively unsophisticated purchaser who is entitled to protection by this Court. *Omega Importing Corp. v. Petrikine Camera Co.*, 451 F.2d 1190, 1195 (2d Cir. 1971); *Florence Mfg. Co. v. J.C. Dowd & Co.*, 178 F. 73, 75 (2d Cir. 1910); *E.I. duPont de Nemours & Co. v. Yoshida International, Inc.*, *supra* at 605. In any event, since defendant's goods bear only the name "VERA" and the phrase "Made in Spain," even the most sophisticated purchaser would be unable to discern from the package that they did not emanate from the VERA with which he or she was familiar.

9. The issuance of an injunction herein will not cause undue hardship to defendant or to the Spanish manufacturer, which did not exercise its right to intervene herein. Rule 24, Fed. R. Civ. P. Sales have been relatively limited to date and sales prior to the warning letters from plaintiff were insignificant.

Defendant has built up no great stake in the term VERA in this country and it should easily be able to effect a change to a different name and mark.

In contrast, affirmance of the decision below would cause great harm to plaintiff. Plaintiff has thirty years and millions of dollars tied up in the mark VERA. That mark is applied to all of its products and the good will attached thereto constitutes its single most valuable asset. Denial of an injunction will effectively foreclose it from expansion to cosmetics and fragrances since it has no alternate marks. Moreover, to allow defendant to continue to use the word VERA is to invite future attacks on plaintiff's mark by third parties.

In sum, plaintiff is entitled to and requires an injunction enjoining defendant from any further use of the term VERA on any cosmetics, fragrances or toiletries. Under the circumstances, plaintiff is also entitled to an accounting of defendant's profits since August 3, 1970, the date of plaintiff's first protest which gave actual notice to defendant. 15 U.S.C. §§1114(1), 1117.

CONCLUSION

For the reasons stated above, the decision of the District Court should be reversed with directions to enter an injunction prohibiting defendant from use of the term VERA in connection with cosmetics, fragrances and toiletry articles. In addition, plaintiff should be awarded an accounting of defendant's profits from sales of the infringing goods.

Respectfully submitted,

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UNITED STATES COURT OF APPEALS
FOR THE SECOND DEPT.

SCARVES BY VERA, INC.,
Plaintiff- Appellant,

- against -

TODD IMPORTS LTD.,
Defendant- Appellee.

Index No.

Affidavit of Personal Service

STATE OF NEW YORK, COUNTY OF NEW YORK

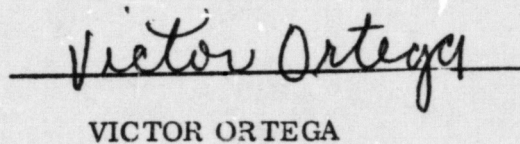
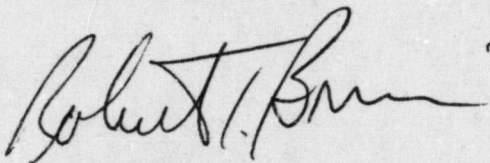
ss.:

I, Victor Ortega, *being duly sworn,*
depose and say that deponent is not a party to the action, is over 18 years of age and resides at
1027 Avenue St. John, Bronx, New York
That on the 16th day of January 19 76 at 230 Park Avenue, New York, New York 10017
deponent served the annexed *upon*

SHENIER & O'CONNOR

the Attorneys in this action by delivering 3 true copy thereof to said individual
personally. Deponent knew the person so served to be the person mentioned and described in said
papers as the herein,

Sworn to before me, this 16th
day of January 19 76


VICTOR ORTEGA

ROBERT T. BRIN
NOTARY PUBLIC, State of New York
No. 31-0418950
Qualified in New York County
Commission Expires March 30, 1977